

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25 D. C.

Industry Circular No. 59-16

March 31, 1959

STATUS OF SPIRITS IN BOND ON JULY 1, 1959

Proprietors of industrial alcohol bonded warehouses, internal revenue bonded warehouses, denaturing plants, distillery denaturing bonded warehouses, and others concerned:

Purpose. The purpose of this industry circular is to advise you of the requirements of regulations proposed to be issued in 26 CFR Part 201 as they relate to the status of distilled spirits on your premises on July 1, 1959.

Background. The provisions of Public Law 85-859 which become effective July 1, 1959, will require you to qualify your premises as a distilled spirits plant if you are to continue your operations on and after that date. Thus, the qualified status of your present premises will terminate June 30, 1959, and it will be necessary to formally effect the transfer to your distilled spirits plant as of July 1, 1959, of the distilled spirits on, and in transit to, your present premises.

Procedure to be followed. In order that you may have information which will enable you to prepare for this transition, the requirements of proposed regulations are summarized below.

INTERNAL REVENUE BONDED WAREHOUSE

If you are including an internal revenue bonded warehouse in your distilled spirits plant, you must, before commencing business on July 1, effect the transfer of all distilled spirits in such warehouse to the distilled spirits plant. This may be done in either one of two ways.

(1) File with the Government officer at your warehouse a modified Form 236, in triplicate, covering the transfer of all spirits in the internal revenue bonded warehouse to the distilled spirits plant. The modified Form 236 must show all the required information as to the spirits and containers except that (a) the season of production may be shown in lieu of the date of original entry for deposit, (b) the date of receipt in the warehouse need not be shown, and (c) Forms 1520 and 1619 need not be furnished. Where the space on Form 236 is not sufficient to show all spirits being transferred, supplemental sheets will be attached to the Form 236.

(2) File a statement, in triplicate, signed by you or your duly authorized agent, in substantially the following form:

I certify that _____ is the duly qualified proprietor
(name of proprietor)
of Distilled Spirits Plant No. _____ and that such plant is successor
to Internal Revenue Bonded Warehouse No. _____, qualified to
operate on June 30, 1959. I acknowledge that all spirits which were
on deposit in said internal revenue bonded warehouse at the close
of business June 30, 1959, as reflected by the records required to
be maintained in respect thereto under law and regulations in force
on such date, are on deposit in bond in Distilled Spirits Plant
No. _____ at the beginning of business on July 1, 1959, and that,
pursuant to section 5005(c), I.R.C., _____ is
(name of proprietor)
liable for the tax on such spirits.

In order that you may have the opportunity to check your records with those maintained by the Government officer, that officer will notify you of the number of packages and cases in each seasonal account as of April 30 and May 31, 1959. If he has an opportunity to do so, the Government officer will, prior to June 30, 1959, verify the number of packages and of cases in his seasonal accounts and will advise you, as each seasonal account is verified, of the date of such verification, the identity of the account, and the number of packages (or cases) in the account.

INDUSTRIAL ALCOHOL BONDED WAREHOUSE

If you are including an industrial alcohol bonded warehouse in your distilled spirits plant, you must, before commencing business on July 1, file with the Government officer at your warehouse Forms 1440, in triplicate, covering the transfer of all alcohol in such warehouse to the distilled spirits plant. Separate Forms 1440 shall be filed for alcohol in (a) packages, (b) drums, (c) cases, (d) other portable containers, and (e) bulk. These Forms 1440 will be used to establish the Government officer's record of alcohol on deposit at the distilled spirits plant, corresponding to the records now maintained by Government officers of spirits on deposit in internal revenue bonded warehouses.

DENATURING PLANTS

If you are including a denaturing plant in your distilled spirits plant, you must, before commencing business on July 1, file with the Government officer at your plant Forms 1440, in triplicate, transferring all of the alcohol, including denatured alcohol, in the denaturing plant to the distilled spirits plant. Separate Forms 1440 must be filed for undenatured alcohol, which must be reported in proof gallons, and denatured alcohol, which must be reported in wine gallons. In reporting denatured alcohol, no separation by formula is required.

DISTILLERY DENATURING BONDED WAREHOUSES

If you are including a distillery denaturing bonded warehouse in your distilled spirits plant, you must, before commencing business on July 1, file with the Government officer at your plant modified Forms 236 covering the transfer

of all undenatured rum and denatured rum to the distilled spirits plant. Separate Forms 236 should be filed for undenatured rum (report in proof gallons) and denatured rum (report in wine gallons).

SPIRITS IN TRANSIT

If, at the close of business on June 30, 1959, there is a possibility that distilled spirits or alcohol are in transit (including, in the case of alcohol, transfers from customs bond) to your premises, you must, before commencing business on July 1, 1959, file a Form 236 or Form 1440, as appropriate, containing a statement substantially as follows:

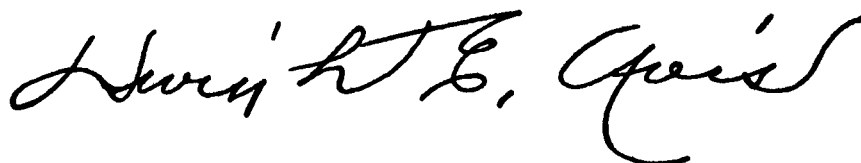
Application is made herewith for the transfer to the bonded premises of Distilled Spirits Plant No. _____ of any and all spirits which at the close of business on June 30, 1959, were in transit to _____ (insert I.R.B.W., I.A.B.W., or D.P., as applicable) _____, (No. and State) under the provisions of internal revenue law and regulations.

This statement will, of course, cover only the distilled spirits and alcohol actually in transit at the close of business June 30, 1959.

EXECUTION OF FORMS

The Forms 236 or Forms 1440 must be executed by you as proprietor of the distilled spirits plant which comes into existence on July 1 and must be filed, in triplicate, with the Government officer at your distilled spirits plant.

Inquiries. Inquiries regarding this industry circular should refer to the number thereof and be addressed to the office of your assistant regional commissioner (alcohol and tobacco tax).



Dwight E. Avis
Director, Alcohol and Tobacco Tax Division